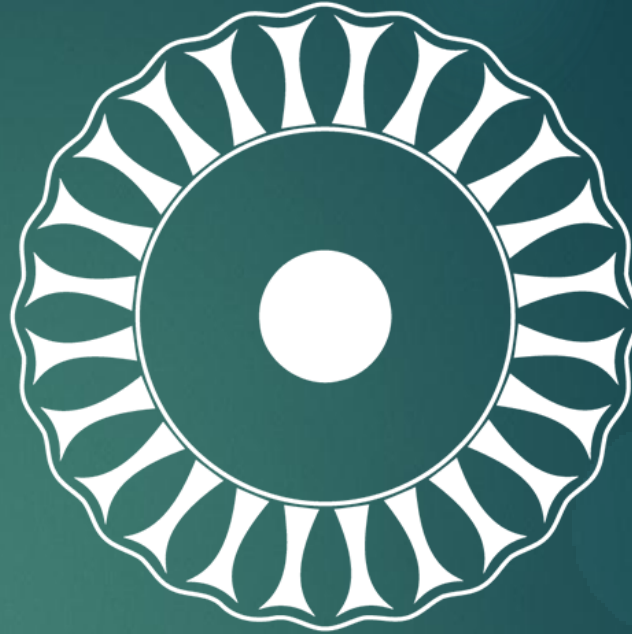


City of Hayward



FY 2015 PROPOSED ANNUAL
OPERATING BUDGET – PUBLIC HEARING

Tracy Vesely, Director of Finance

June 17, 2014



PROGRESS THROUGH ADVERSITY

WHERE WE'VE BEEN

WHERE WE'RE GOING

WHAT WE MUST OVERCOME

The Message



- ▶ Extended fiscal crisis
- ▶ Council has taken bold action last several years
- ▶ \$30M projected gap (2011) – now to \$5.2M (2015)
- ▶ Without increased revenue or decreased expenditure – will balance budget through use of Reserves (\$5.2M)
- ▶ Budget provides some critical staffing resources
- ▶ Maintains high service levels – Council priorities
- ▶ Last year recommending use of the Reserves
- ▶ FY 2016 & FY 2017 must close the gap

Overview



- ▶ No action tonight – public hearing on proposed operating & CIP budgets
- ▶ Presented Proposed FY 2015 Operating Budget of May 13
- ▶ Held 3 budget work sessions (5/20, 5/27, 6/10)
 - ▶ Department presentations
 - ▶ Capital Improvement Program
- ▶ Held discussion on social service programs in April
- ▶ Budget adoption next Tuesday, 6/24/14

Total City Budget

(expenditures)



<i>in 1,000's</i>	FY 2014 Adopted	FY 2015 Proposed (5/13/14)	FY 2015 Proposed (6/17/14)	Change from 5/13/14	\$ Change from FY 2014	% Change From FY 2014
General Fund	\$127,482	\$132,748	\$133,493	\$745	\$6,011	4.7%
Other Funds	\$121,728	\$123,317	\$122,828	(\$489)	\$1,100	.9%
Total	\$249,210	\$256,065	\$256,321	\$256	\$7,111	2.9%

- ▶ Change from 5/13/14: +\$745K GF and -\$489K Other Funds
- ▶ General Fund Increase over FY 2014 Adopted of \$6M
- ▶ Total City budget growth of only 2.9%

Total City Staffing – 828.2 FTE

<i>in 1,000's</i>	FY 2014 Adopted	FY 2015 Proposed (5/13/14)	FY 2015 Proposed (6/17/14)	Change from 5/13/14	\$ Change from FY 2014	% Change From FY 2014
General Fund	629.05	642.70	646.70	4.0	17.65	2.8%
Other Funds	174.50	181.50	181.50	0	7.0	4%
Total	803.55	824.20	828.20	4.0	24.7	3.1%

- ▶ Proposing to add 4 FTE since proposed budget on May 13, 2014
- ▶ FY 2003 (936.8 FTE) to FY 2014 (803.55 FTE) = 14% loss
- ▶ FY 2015 Budget restores some critical staffing
- ▶ Does not come close to full resource needs

Budget Changes

(since May 13, 2014)



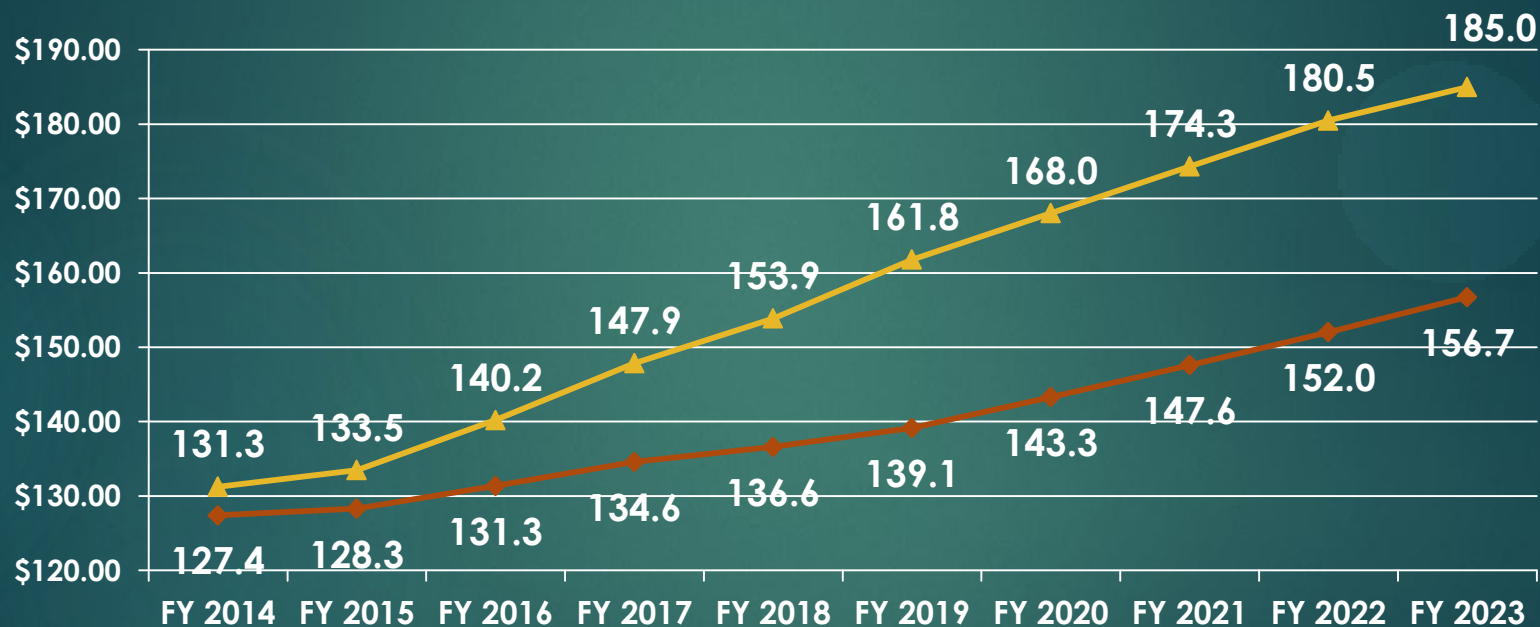
- ▶ General Fund changes = increase in cost of \$745K
 - ▶ Additional 4 FTE (\$545K) Transfer to CIP budget for Traffic Study (\$200K)
 - ▶ General Fund gap grows to \$5.2M
- ▶ Other Funds changes = decrease in cost of \$489K
 - ▶ Reduction in budgeted debt service due to budget correction

General Fund Forecast: The Gap



FY 2015 Gap = \$ 5.2M

FY 2023 Gap = \$28.3M



◆ FY 2015 Proposed Revenue Forecast

▲ FY 2015 Proposed Expenditures Forecast (6.17.14)

Ten Year Plan Cost Drivers



- ▶ Loss of State Gas Tax Revenues (increase in General Fund cost)
- ▶ Escalating CalPERS rates – rate increase over 72% by FY 2023
- ▶ Retiree Medical minimum contribution (ARC) – partially funded
- ▶ Minimal wage growth assumptions
- ▶ Limited capital costs:
 - ▶ fleet
 - ▶ technology
 - ▶ streets maintenance
 - ▶ traffic impact fee study

Ten Year Plan Cost Drivers



MANY CRITICAL COSTS NOT INCLUDED IN BUDGET

- ▶ Full funding of OPEB annual required contribution (ARC)
 - ▶ Fund the ARC by FY 2017
- ▶ \$1M cost in FY 2019 due to Affordable Care Act “Cadillac tax”
- ▶ Over \$510M in unfunded capital/infrastructure needs
- ▶ Funding for critical resources to meet increasing demands

FY 2015 Budget Calendar



May 13, 2014: Proposed Budget

May 20, 2014: Work Session #1

May 27, 2014: Work Session #2

June 10, 2014: Work Session #3

June 17, 2014: Public hearing on operating & CIP budgets

June 24, 2014: Adopt operating & CIP budgets



Questions & Discussion

